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By: **Delegates Gordon, Bozman, Cardin, V. Clagett, C. Davis, Feldman,  
Hubbard, Kaiser, Madaleno, Parker, and Ramirez**

Introduced and read first time: February 11, 2005

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Land Value Taxation - Local Option for Counties and Baltimore City**

3 FOR the purpose of establishing separate classes for property tax purposes for land  
4 and improvements to land; requiring the Mayor and City Council of Baltimore  
5 City and the governing body of each county annually to set tax rates for the next  
6 taxable year for land, improvements to land, and personal property; repealing a  
7 requirement that there be a single county property tax rate for certain real  
8 property; requiring that the county tax rate for improvements to land be less  
9 than or equal to the rate for land; requiring the county tax rates applicable to  
10 certain property to bear certain relationships to the rate for improvements to  
11 land; authorizing the Mayor and City Council of Baltimore City or the governing  
12 body of a county to set a tax rate of zero for improvements to land; prohibiting  
13 the Mayor and City Council of Baltimore City or the governing body of a county  
14 from setting different tax rates for subclasses of property, with certain  
15 exceptions; establishing a new subclass of land for land that is used as a  
16 principal place of residence; repealing certain obsolete provisions of law;  
17 providing for the application of this Act; and generally relating to establishing  
18 separate classes for property tax purposes and authorizing separate tax rates for  
19 land and improvements to land.

20 BY repealing and reenacting, with amendments,  
21 Article - Tax - Property  
22 Section 6-302 and 8-101  
23 Annotated Code of Maryland  
24 (2001 Replacement Volume and 2004 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
26 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Tax - Property**

2 6-302.

3 (a) Except as otherwise provided in this section and after complying with §  
4 6-305 of this subtitle, in each year after the date of finality and before the following  
5 July 1, the Mayor and City Council of Baltimore City or the governing body of each  
6 county annually shall set the tax [rate] RATES for the next taxable year [on all  
7 assessments] FOR EACH OF THE FOLLOWING CONSTITUTIONAL CLASSES of property  
8 subject to that county's property tax:

9 (1) LAND;

10 (2) IMPROVEMENTS TO LAND; AND

11 (3) PERSONAL PROPERTY.

12 [(b) (1) Except as provided in subsection (c) of this section, §§ 6-305 and  
13 6-306 of this subtitle and § 6-203 of this title:

14 (i) there shall be a single county property tax rate for all real  
15 property subject to county property tax except for operating real property described in  
16 § 8-109(c) of this article; and

17 (ii) the county tax rate applicable to personal property and the  
18 operating real property described in § 8-109(c) of this article for taxable years  
19 beginning after June 30, 2001 shall be 2.5 times the rate for real property.

20 (2) Paragraph (1) of this subsection does not affect a special rate  
21 prevailing in a taxing district or part of a county.

22 (c) (1) Intangible personal property is subject to county property tax as  
23 otherwise provided in this title at a rate set annually, if:

24 (i) the intangible personal property has paid interest or dividends  
25 during the 12 months that precede the date of finality;

26 (ii) interest or dividends were withheld on the intangible personal  
27 property during the 12 months that precede the date of finality to avoid the tax under  
28 this subsection;

29 (iii) the intangible personal property consists of newly issued bonds,  
30 certificates of indebtedness, or evidences of debt on which interest is not in default; or

31 (iv) a stock dividend has been declared on the intangible personal  
32 property during the 12 months that precede the date of finality.

33 (2) The county tax rate for the intangible personal property is 30 cents  
34 for each \$100 of assessment.]

1 (B) (1) THE TAX RATES FOR IMPROVEMENTS TO LAND SHALL BE LESS THAN  
2 OR EQUAL TO THE RATE SET FOR LAND.

3 (2) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE  
4 GOVERNING BODY OF A COUNTY MAY SET AN ANNUAL TAX RATE OF ZERO FOR  
5 IMPROVEMENTS TO LAND.

6 (3) THE TAX RATE APPLICABLE TO PERSONAL PROPERTY SHALL BE 2.5  
7 TIMES THE RATE FOR IMPROVEMENTS TO LAND.

8 (4) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH, THE  
9 MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A  
10 COUNTY MAY NOT SET DIFFERENT TAX RATES FOR SUBCLASSES OF PROPERTY.

11 (II) THE TAX RATE APPLICABLE TO LAND AND IMPROVEMENTS TO  
12 LAND THAT MAKE UP THE OPERATING REAL PROPERTY DESCRIBED IN § 8-109(C) OF  
13 THIS ARTICLE SHALL BE 2.5 TIMES THE RATE FOR IMPROVEMENTS TO LAND.

14 (III) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2 OF THIS  
15 SUBPARAGRAPH, A DIFFERENT TAX RATE MAY BE SET FOR THE SUBCLASS OF  
16 AGRICULTURAL LAND AS DESCRIBED IN § 8-101(B)(1) OF THIS ARTICLE.

17 2. THE RATE FOR THE SUBCLASS OF AGRICULTURAL LAND  
18 MAY NOT BE LESS THAN THE RATE FOR IMPROVEMENTS TO LAND.

19 (IV) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2 OF THIS  
20 SUBPARAGRAPH, A DIFFERENT RATE MAY BE SET FOR THE SUBCLASS OF LAND THAT  
21 IS USED AS A PRINCIPAL PLACE OF RESIDENCE, AS DESCRIBED IN § 8-101(B)(7) OF  
22 THIS ARTICLE.

23 2. THE RATE FOR THE SUBCLASS OF LAND THAT IS USED AS  
24 A PRINCIPAL PLACE OF RESIDENCE MAY NOT BE LESS THAN THE RATE FOR  
25 IMPROVEMENTS TO LAND.

26 (C) THIS SECTION DOES NOT AFFECT A SPECIAL RATE PREVAILING IN A  
27 TAXING DISTRICT OR PART OF A COUNTY.

28 (D) NOTHING IN THIS SECTION IS INTENDED TO CHANGE ASSESSMENTS OR  
29 ASSESSMENT PRACTICES EXISTING PRIOR TO JULY 1, 2005.

30 8-101.

31 (a) [For] CONSISTENT WITH ARTICLE 15 OF THE MARYLAND DECLARATION  
32 OF RIGHTS, FOR assessment purposes, property shall be divided into classes and  
33 subclasses.

34 (b) [Real property] LAND is a class of property and is divided into the  
35 following subclasses:

1 (1) land that is actively devoted to farm or agricultural use, assessed  
2 under § 8-209 of this title;

3 (2) marshland, assessed under § 8-210 of this title;

4 (3) woodland, assessed under § 8-211 of this title;

5 (4) land of a country club or golf course, assessed under §§ 8-212 through  
6 8-217 of this title;

7 (5) land that is used for a planned development, assessed under §§ 8-220  
8 through 8-225 of this title;

9 (6) LAND THAT IS rezoned real property that is used for residential  
10 purposes, assessed under §§ 8-226 through 8-228 of this title;

11 (7) LAND THAT IS USED AS A PRINCIPAL PLACE OF RESIDENCE;

12 [(7)] (8) LAND THAT IS USED AS operating real property of a railroad;

13 [(8)] (9) LAND THAT IS USED AS operating real property of a public  
14 utility; and

15 [(9)] (10) all other [real property] LAND that is directed by this article to  
16 be assessed.

17 (C) IMPROVEMENTS TO LAND IS A CLASS OF PROPERTY AND IS DIVIDED INTO  
18 THE FOLLOWING SUBCLASSES:

19 (1) IMPROVEMENTS TO LAND THAT IS USED AS OPERATING PROPERTY  
20 OF A RAILROAD;

21 (2) IMPROVEMENTS TO LAND THAT IS USED AS OPERATING PROPERTY  
22 OF A PUBLIC UTILITY; AND

23 (3) ALL OTHER IMPROVEMENTS TO LAND THAT ARE DIRECTED BY THIS  
24 ARTICLE TO BE ASSESSED.

25 [(c)] (D) Personal property is a class of property and is divided into the  
26 following subclasses:

27 (1) stock in business;

28 (2) distilled spirits;

29 (3) operating personal property of a railroad;

30 (4) operating personal property of a public utility that is machinery or  
31 equipment used to generate electricity or steam for sale;

32 (5) all other operating personal property of a public utility;

1                   (6)     machinery and equipment, other than operating personal property of  
2 a public utility, that is used to generate:

3                   (i)     electricity or steam for sale; or

4                   (ii)    hot or chilled water for sale that is used to heat or cool a  
5 building; and

6                   (7)     all other personal property that is directed by this article to be  
7 assessed.

8     (E)     NOTHING IN THIS SECTION SHALL PREVENT LAND, IMPROVEMENTS TO  
9 LAND, AND PERSONAL PROPERTY FROM BEING TAXED AT DIFFERENT RATES.

10    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
11 October 1, 2005, and shall be applicable to all taxable years beginning after June 30,  
12 2006.